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**Economic Development  
Committee**

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**MEMORANDUM**

**To:** Board of Selectmen **Date:** November 14, 2007  
**From:** Economic Development Committee  
**Subject:** *Economic Target Area Designation*

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At its November 1, 2007 meeting, the Town of Acton Economic Development Committee ("EDC") voted unanimously in support of recommending that the Board of Selectmen consider designating the Town of Acton as an Economic Target Area ("ETA") under the Commonwealth's Economic Development Incentive Program ("EDIP").

Such a designation would offer certain benefits to businesses expanding existing operations, relocating operations, or building new facilities and creating permanent new jobs within designated areas ("Economic Opportunity Areas" or "EOAs") in an ETA community.

Qualified projects may receive state tax incentives, including a five-percent investment tax credit ("ITC") for qualifying tangible, depreciable assets. There also is a 10-percent abandoned building tax deduction for costs associated with the renovation of an abandoned building. In addition, such businesses qualify for municipal tax incentives, including:

- Special tax assessment: a phased-in assessment of the total value of the project property, or
- Tax Increment Financing ("TIF"): a five- to 20- year property tax exemption based on the increased value of the project property due to new construction or significant improvements. With tax increment financing, all personal property taxes are exempt.

For most businesses, the magnitude of the Commonwealth's ITC will outweigh any local tax concessions (either a special tax assessment or TIF), which is calculated in a formal, negotiated agreement between the municipality and the qualified business.

Importantly, this program offers tremendous flexibility to the municipality in terms of which businesses to incentivize. Should a less desirable use propose to locate within an EOA and apply for consideration under EDIP, the municipality has no requirement to negotiate a TIF with the business. Furthermore, should a municipality not choose to negotiate a TIF, the Commonwealth will not offer the ITC to the business either.

While the EDC is generally supportive of efforts to foster economic development and bolster the Town's commercial/industrial tax base, we fully understand that the Town will want to undertake additional due diligence before deciding whether or not to enter into the program. Additionally,

issues such as designating EOAs may take additional time and thought and may potentially be best addressed within the context of the upcoming Comprehensive Community Plan process.

The EDC looks forward to working with the Board of Selectmen and other interested boards, committees, and stakeholders to further investigate the potential economic development related benefits of ETA designation. The committee feels strongly that ETA designation could be a highly useful tool to be employed at the discretion of the Town to encourage existing businesses to expand in Acton and to attract desirable new businesses, thereby supporting the Town's commercial-industrial tax base. We would be pleased to discuss the program with you in more detail at your convenience.